

APPENDIX D
to the Bond Sale Agreement

**CONSTRUCTION EXCEPTION AND
EIGHTEEN-MONTH EXCEPTION
TO THE REBATE REQUIREMENT
QUESTIONNAIRE**

The purpose of this questionnaire is to elicit facts concerning the expenditure of the proceeds of the City/County of _____ (the "Issuer") general obligation school bonds (the "Bonds") in order to make an initial determination that the construction exception from the rebate requirement provided by Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the eighteen month exception from the rebate requirement provided by Section 1.148-7(d) of the Treasury Regulations is available.

Please supply the information requested below and send this questionnaire to Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879, for receipt no later September 28, 2005, with a copy to your bond counsel.

1. Briefly describe the project (the "Project") to be financed with the proceeds of the Bonds including the useful life of the project(s) being financed.

2. (a) Indicate the total amount of proceeds to be derived from the sale of the Bonds.

- (b) Indicate the amount that you reasonably expect to receive from the investment of the Bond proceeds prior to spending all of the Bond proceeds set forth above in Question 2 (a).

- (c) Indicate the amount of proceeds derived from the sale of the Bonds that you expect to use to finance the issuance costs of the Bonds. (e.g. your legal fees)

- (d) The amount set forth in Questions 2(a) plus the amount set forth in Question 2(b) reduced by the amount set forth in Question 2(c) equals \$_____. This amount is hereinafter referred to as "Available Construction Proceeds". **Any bond premium derived**

from sale of the bonds and any investment earnings thereon will be treated as Available Construction Proceeds.

3. Indicate the amount of money, other than the Available Construction Proceeds of the Bonds, that will be applied toward the cost of the Project and the expected source of such money. Indicate what such money will be used for.

4. Indicate, by principal components, your current estimates of the cost for the acquisition and construction of the Project that will be financed with the Available Construction Proceeds of the Bonds, including:

(a) Acquisition of Interest in Land	\$ _____
(b) Acquisition of Interest in Real Property ¹	_____
(c) Acquisition and/or Installation of Tangible Personal Property ²	_____
(d) Site Preparation	_____
(e) Construction of Real Property ³	_____
(f) Reconstruction of Real Property ⁴	_____
(g) Rehabilitation of Real Property ⁵	_____
(h) Construction of Tangible Personal Property ⁶	_____
(i) Specially developed computer software ⁷	_____
(j) Interest on the Bonds during Construction	_____
(k) Other (please specify)	_____
_____	_____
(l) Total	\$ _____

(Note: The sum of the amounts described in (a) through (k) must equal the amount of Available Construction Proceeds of the Bonds set forth in Question 2(d).)

1-7 See the Endnotes on pages D-7 and D-8.

5. (a) Have you borrowed, directly or indirectly, (such as through an industrial development authority) any money, either through a tax-exempt bank loan, a bond anticipation note,

any tax-exempt or taxable obligation or otherwise (a "loan"), to pay for the Project costs?

Yes _____ No _____

- (b) Do you intend to use the proceeds of the Bonds to refinance or repay any loan used to finance the Project costs?

Yes _____ No _____

- (c) If the answer to Question 5(b) is "Yes", please attach a copy of the BAN, COP, or other evidence of the loan and any tax certificate executed with such loan and indicate the following:

- (i) Amount of loan:
- (ii) Date of loan:
- (iii) Maturity date of loan:
- (iv) Interest rate of loan:
- (v) Name of lender:
- (vi) Refinance or repayment date:
- (vii) Amount of unspent proceeds, if any:
- (viii) Where unspent proceeds are being held (e.g. SNAP):

- (d) If the answer to question 5(a) or (b) is "Yes", did you use the proceeds of the loan to reimburse yourself for expenses paid with respect to the Project before the loan was obtained?

Yes _____ No _____

- (e) If the answer to question 5(b) is "Yes", do you expect to qualify for the small issuer exception for the loan.

6. (a) Do you intend to reimburse yourself from the proceeds of the Bonds for Project costs advanced from your General Fund or other available sources?

Yes _____ No _____

- (b) If the answer to Question 5(d) or Question 6 (a) is "Yes", with respect to all such expenditures, please indicate the amount of such expenditure, when such expenditure was paid and the purpose of the expenditure (i.e., architectural fees, engineering fees, other construction costs):

(i) Amount expended \$_____

(ii) Date of expenditure:

(iii) Purpose of expenditure:

(Note: if you intend to reimburse yourself for more than one expenditure, please attach a rider setting forth: (i) amount expended, (ii) date of expenditure, and (iii) purpose of expenditure)

7. If the answer to Question 5(d) or 6(a) is "Yes" please attach a copy of any other evidence of your intention to reimburse yourself with the proceeds of a borrowing such as the earliest possible resolution, declaration or minutes of a meeting. Include the date such resolution was adopted, meeting was held or declaration made.

[The purpose of questions 8, 9 and 10 is to determine if the Bonds may qualify for the Construction Exception from the Rebate Requirement.]

8. Indicate whether the total of the amounts shown in 4(d) through (i) on page D-2 is at least 75% of the amount of Available Construction Proceeds (i.e., 75% of the amount in 4(i).

Yes _____ No _____

If the answer to Question 8 is "Yes", answer Question 9 and skip Question 10.

If the answer to Question 8 is "No", skip Question 9 and answer Question 10.

9. (a) Assuming the Bonds are delivered on November 10, 2005 and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse **during** the following time periods:

From November 10, 2005 to May 10, 2006	\$_____ ⁸
From May 11, 2006 to November 10, 2006	_____
From November 11, 2006 to May 10, 2007	_____
From May 11, 2007 to November 10, 2007	_____
Total ⁹	\$ _____

⁸ and ⁹ See the Endnotes on page D-8.

- (b) If you do not expect to spend 100% of Available Construction Proceeds by November 10, 2006, do you expect to spend 100% of Available Construction Proceeds by November 10, 2008?

Yes _____ No _____

10. For purposes of this Question 10, assume that the Bonds are delivered on November 10, 2005 and funds are made available to you on that date.

- (a) Does the City/County expect to expend and disburse the amount shown in Question 4(a) for the acquisition of land by May 10, 2006?

Yes _____ No _____

- (b) Does the City/County expect to expend and disburse the amount shown in Question 4(b) for the acquisition of interests in real property by May 10, 2006?

Yes _____ No _____

- (c) Does the City/County expect to expend and disburse the amount shown in Question 4(c) for the acquisition and/or installation of tangible personal Property by May 10, 2006?

Yes _____ No _____

- (d) (i) Does the City/County expect to expend and disburse the amount shown in question 4(l) by November 10, 2008?

Yes _____ No _____

- (ii) Assuming that the Bonds are delivered on November 10, 2005, and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse during the following time periods:

From November 10, 2005 to May 10, 2006	\$ _____ ¹⁰
From May 11, 2006 to November 10, 2006	_____
From November 11, 2006 to May 10, 2007	_____
From May 11, 2007 to November 10, 2007	_____

Total \$

¹⁰ See the Endnotes on page D-8.

[The purpose of question 11 is to determine if the Bonds may qualify for the Eighteen Month Exception from the Rebate Requirement.]

11. The sum of the amounts set forth in Questions 2(a) and 2(b) equals \$_____ (the "gross proceeds"). Assuming that the Bonds are delivered on November 10, 2005 and funds are made available to you on that date, please complete the following schedule indicating the amount of gross proceeds that the City/County expects to expend and disburse during the following time periods:

From November 10, 2005 to May 10, 2006	\$_____ ¹
From May 11, 2006 to November 10, 2006	_____
From November 11, 2006 to May 10, 2007	_____
Total	\$ _____

12. (a) Will this issue qualify for the Small Issuer Exception?

Yes _____ No _____

(b) List any general obligation bond financings the City/County has undertaken or is planning to undertake in the calendar year 2005

I understand that the foregoing information will be relied upon by the Virginia Public School Authority (the "Authority") in determining the applicability of the construction exception to the Authority's School Financing Bonds (1997 Resolution), Series 2005 D. I hereby certify that I am familiar with the Project or have made due inquiry in order to complete this Questionnaire with respect to the Project and am authorized by the City/County to provide the foregoing information with respect to it, which information is true, correct, and complete, to the best of my knowledge.

¹ Include amounts expended prior to November 10, 2005 and approved by your bond counsel for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.

Name of Person Completing
Questionnaire

Title

Signature

Date

ENDNOTES

1. For purposes of this questionnaire, "real property" means improvements to land, such as buildings or other inherently permanent structures, including items that are structural components of such buildings or structures. For example, real property includes wiring in a building, plumbing systems, central heating or central air conditioning systems, pipes or ducts, elevators or escalators installed in a building, paved parking areas, road, wharves and docks, bridges and sewage lines.
2. For purposes of this questionnaire, tangible personal property means any tangible property except real property. For example, tangible personal property includes machinery that is not a structural component of a building, school buses, automobiles, office equipment, testing equipment and furnishings.
3. See description of real property in endnote 1. This includes all capital expenditures that are properly chargeable to or may be capitalized as part of the basis of the real property prior to the date the property is placed in service. For purposes of this questionnaire, expenditures are considered paid in connection with the construction, reconstruction or rehabilitation of real property if the contract between the Issuer and the seller requires the seller to build or install the property (such as under a "turnkey contract") but only to the extent the property has not been built or installed at the time the parties enter into the contract. If the property has been partially built or installed at the time the parties enter into the contract, the expenditures that are allocable to the portion of the property built or installed before that time are expenditures for the acquisition of real property.
4. See endnote 3.
5. See endnote 3.
6. For purposes of this questionnaire, expenditures are in connection with the construction of tangible personal property, as defined in endnote 2, if:
 - (a) A substantial portion of the property or properties is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the Issuer entered into an acquisition contract;
 - (b) Based on the reasonable expectations of the Issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the Issuer) could not have occurred within that 6-month period; and
 - (c) If the Issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the Issuer (e.g., components, raw materials and other supplies).
7. Specially developed computer software means any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate

to real property or other constructed personal property.

8. Include amounts expended prior to November 10, 2005 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.
9. Total should equal the amount in 4(1).
10. Include amounts expended prior to November 10, 2005 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.